NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

Note 1 - General

Reporting Entity

Miami-Dade County, Florida (the "County") is an instrumentality of the State of Florida established by an amendment to the Florida State Constitution adopted May 21, 1957 as the Dade County Home Rule Charter, to carry on a centralized government. The Mayor, an elected official, serves as head of the County government and as the presiding officer of the County Commissioners (the "Commissioners") with the authority to designate another member of the Commission to serve as presiding officer. The Commission, comprised of thirteen elected members, is responsible for the legislative and fiscal control of the County. The County Manager is responsible for the administrative and fiscal control of all County departments through the administration of directives and policies established by the Commission. The Mayor has the authority to appoint and remove the County Manager subject to Commission approval. The Mayor has veto authority over any legislative, quasi-judicial, zoning master plan or land use decision of the Commission, including the budget or any particular component contained therein which is approved by the Commission. The Commission may override a veto with a two-thirds vote of the Commissioners present.

The financial reporting entity, under which the financial statements are prepared include all the organizations, activities, functions, and component units for which the County (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's Board, and either (1) the County's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the County.

Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in the County's financial statements because of the nature and significance of their relationship with the primary government. Component units are included in the reporting entity either as blended or as discretely presented component units. All funds/departments are regarded as one legal entity, therefore, the financial position and results of operations of the funds/departments are reported as part of the primary government.

Basis of Presentation

The County records its financial transactions in numerous individual funds and account groups. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts which is segregated for the purpose of carrying on specific activities or attaining certain objectives. All of the financial information included herein is presented on the basis of a fiscal year ended September 30, 1998.

The County's reporting structure reflects three fund types and two account groups as follows.

Governmental Fund Types

Governmental Funds are those which are used to account for most general governmental functions of the County. The measurement focus of these Funds is based upon determination of changes in financial position or the financial flow measurement focus, rather than upon net income determination. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of available, spendable resources during the period.

The following are the County's Governmental Fund Types:

General Fund - used to account for the general operations of the County and all transactions which are not accounted for in other funds or account groups.

Special Revenue Funds - used to account for revenues from specific taxes or other revenue sources which are designated to finance particular functions or activities in accordance with administrative requirements.

Debt Service Funds - used to account for the payment of principal and interest on all outstanding long-term obligations except those payable from Proprietary Funds.

Capital Projects Funds - used to account for resources segregated for the acquisition or construction of designated fixed assets except those financed by Enterprise Funds.

Proprietary Fund Types

Proprietary Funds are used to account for County operations which are similar to those often found in the private sector and to account for risk management activities. The measurement focus of these Funds is the determination of net income, through matching revenues earned with the expenses incurred to generate such revenues, or the capital maintenance measurement focus. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (total assets less total liabilities) is segregated into contributed capital and retained earnings (deficit) components.

The two proprietary fund types are reported as enterprise funds and internal service funds. Enterprise Funds account for operations where goods or services are provided to the general public. Internal Service Funds account for operations where goods or services are provided by one department or unit to other departments or units of the departmental agency.

The following are the County's Proprietary Funds:

- Miami-Dade County Transit Agency, (the "Transit Agency").
- Miami-Dade County Department of Solid Waste Management, ("Solid Waste Management").
- Miami-Dade County Seaport Department, (the "Seaport").
- Miami-Dade County Aviation Department, (the "Aviation Department").
- Miami-Dade Water and Sewer Department, ("Water and Sewer").
- Public Health Trust of Dade County, Florida, (the "Public Health Trust").
- Miami-Dade County Rickenbacker Causeway, (the "Rickenbacker Causeway").
- Miami-Dade County Vizcaya Art Museum, (the "Vizcaya Art Museum").
- Miami-Dade County Housing Agency / Public Housing Division, ("Housing Agency").
- Self Insurance Internal Service Fund.

Fiduciary Fund Type:

Trust and Agency Funds - used to account for assets held in a trustee capacity or as an agent for other funds, governmental units and others. All County trust funds are of an expendable nature. The measurement focus for the Expendable Trust Funds are the same as for Governmental Funds, while Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Account Groups:

The two account groups in this financial report are used to provide accounting control and accountability for the County's general fixed assets and general long-term obligations. These two account groups are:

General Fixed Assets - used to account for the general fixed assets of the County other than those of the Enterprise Funds.

General Long-term Obligations - used to account for the long-term obligations of the County, with the exception of revenue bonds payable from specified revenues of various Enterprise Funds.

Note 2 - Summary of Significant Accounting Policies

The following is a summary of the County's significant accounting policies presented to assist the reader in understanding the financial statements.

Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied.

All Governmental Funds, Expendable Trust Funds and Agency Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues, intergovernmental revenues and interest income are the significant revenue sources considered susceptible to accrual. Current and prior year property taxes billed but uncollected as of the end of the fiscal year are reflected in the accompanying financial statements as delinquent taxes receivable with an offsetting allowance account, as these amounts are not considered to be available to finance current operations. Delinquent taxes are recognized as revenue during the fiscal year in which they are collected. Expenditures are generally recognized when the related liability is incurred, except for principal and interest on long-term debt and accumulated vacation and sick pay benefits.

Resources from grants, included in the Special Revenue Funds and certain Capital Project Funds, are recognized as revenues to the extent of expenditures made under the provisions of the grants. Funds received before the revenue recognition criteria have been met are reported as deferred revenues.

The Proprietary Fund Types use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when obligations are incurred or when benefits are received. Revenue for the Public Health Trust is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Application of FASB Standards

Governmental Accounting Standard Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board ("FASB") standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The County elected the option to follow all applicable GASB and applicable FASB pronouncements issued on or before November 30, 1989.

Reclassification and Total (Memorandum) Columns

Information presented for fiscal year 1997 is for comparitive purposes only and certain balances have been reclassified to conform to the 1998 presentation. The amounts reflected in the total columns of the accompanying financial statements are not comparable to a consolidation and are captioned “memorandum only” as they do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Bond Discount and Issuance Costs

Discounts on revenue bonds of the Aviation Department are amortized using the bonds outstanding method over the life of the bonds. Discounts on all other revenue bonds are amortized over the life of the related bond issues, using the interest method or the straight line method if it does not differ materially from the interest method. Bond issuance costs are capitalized and amortized using the straight line method over the life of the bonds.

Refunding of Debt

For current and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. The difference in these amounts, to the extent unamortized, is accounted for as an element of the carrying cost of the related debt.

Advances Receivable

Advances receivable in the Capital Projects Funds represent loans to Enterprise Funds for the purchase of certain personal property. These loans are payable to the Capital Project Funds over a 20 year period at approximately 7% per annum. These loans are offset by a fund balance reserve which indicates that they are not available to finance current operations.

Budget Requirements

State of Florida Statutes require that all county governments prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices. Every September the County holds two public hearings and adopts the annual budgets for substantially all County funds through the enactment of Budget Ordinances effective for the ensuing fiscal year. The County’s budgeting process is based on estimates of revenues and expenditures. The budgets so adopted are either appropriated or non-appropriated in nature. Funds that have appropriated budgets cannot legally exceed their appropriations. The budgetary control over funds that have non-appropriated budgets are dependent on other enabling ordinances, such as Bond Ordinances, in which expenditure authority extends many years into the future.

Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations at the individual fund/department level. Amendments and supplements to the budget at fund/department level require County Commissioners approval. Department directors are authorized to make transfers of appropriations within their fund/department. Transfers of appropriations between funds/departments require the approval of the County of County Commissioners. Beginning fund balances, available for financing current appropriations, are considered in the budgetary process but are not included in the financial statements of the Governmental Fund Types as budgeted revenue. All appropriations within the Governmental Fund Types lapse at year end. Budget to actual comparisons are reflected in the financial statements of the General Fund, Special Revenue and Debt Service Funds for which the County has legally adopted annual appropriated budgets. Project-length financial plans (non-appropriated budgets) are adopted for all Capital Projects Funds.

Budgets are prepared on the same basis of accounting as required for Governmental Fund Types consistent with generally accepted accounting principles and are presented in the financial statements inclusive of all amendments to the original appropriation. The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through December 1998. For the fiscal year, there were two supplemental appropriation ordinances adopted on July 7, 1998 and December 1, 1998, increasing total appropriations by $221,879,000.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with maturity dates, within three months of the dates acquired by the County.

During fiscal year 1998, the County adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools,* which establishes accounting and financial reporting standards for all investments, including fair value standards. As the statement permits, nonparticipating investments are reported at amortized costs which approximates market. All other investments, participating investments, are carried at fair market value.

The provisions of GASB No. 31 also specify that the investment income of each fund be reported in the fund that is associated with the assets. If the investment income is assigned to another fund for other than legal or contractual reasons, the income has to be recognized in the fund that reports the investment, with an operating transfer to the recipient fund. The County has made the needed adjustments to the accompanying financial statements to ensure compliance with this provision.

Retained Deficits

As of September 30, 1998, the Transit Agency and Solid Waste Management Enterprise Funds and the Self Insurance Internal Service Fund had retained deficit balances totaling $98,364,000, $19,796,000, and $54,257,000 respectively.

The Transit Agency deficit is the result of non-reimbursable depreciation and continued operating deficit. See Note 3, *Cash Deficits*, for further discussion of management's intent to eliminate the operating deficit. The deficit in the Solid Waste Management fund is a result of the assumption of $90 million of postclosure care liabilities for two inactive landfills acquired in 1996, pursuant to agreements with various Federal and State agencies. The deficit has been reduced significantly by changes in the postclosure liability estimates and will continue to be offset by the excess of revenue over expenditures in future years and amortization of the postclosure liability. The Internal Service fund deficit is a result of the incurred but not reported (IBNR) liability. The County currently partially funds IBNR liability and has steadily increased such coverage in recent years. It is the County's intent to continue increasing its coverage of IBNR in future years as funding flexibility permits.

Employee Benefits

The County's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from service. In the Governmental Fund Types the cost of vacation and sick pay benefits is recognized when payments are made to employees. A long-term liability of $190,263,000 for accumulated vacation and sick pay benefits at September 30, 1998, has been recorded in the General Long-term Obligations Account Group, representing the County's commitment to fund such costs from future operations. The Proprietary Fund Types accrue vacation and sick pay benefits in the period they are earned.

The County accounts for compensated absences by recording a liability for employees' compensation for future absences according to the guidelines set by GASB Statement No. 16, *Accounting for Compensated Absences.*

The County offers its employees a deferred compensation plan ("Plan") created in accordance with the Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary to future years. The deferred compensation is not available to employees until termination, retirement, death, or unforseeable emergency.

During fiscal year 1998, the County adopted the reporting guidelines set forth by GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* In accordance with the provisions of Section 457, the assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The County has given fiduciary responsibility to an external third party, and as such, the assets and income of the Plan are not reported in the accompanying financial statements.

Encumbrances

Appropriations of governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. Encumbrances at year end do not constitute expenditures or liabilities. They are accounted for as a reservation of fund balance in the year the commitment is made. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance provides for the reappropriation of year end encumbrances.

Grants from Government Agencies

Certain operating grants under various Federal and State programs are included in the Special Revenue Funds. Grant monies received are disbursed by these funds for goods and services as prescribed under the respective grant program or are transferred to other County funds for ultimate distribution under the terms of the grants. These programs are dependent on the continued financial assistance of the State and Federal governments.

Grants to Enterprise Funds which are designated for use in acquiring property or equipment are recorded as equity contributions in the fund benefited. Those grants designated as operating subsidies are recorded as non-operating revenue in the respective funds upon the County's compliance with the eligibility requirements related to the grant.

Grants received as reimbursements for specific purposes are recognized when the corresponding expense or expenditure is incurred. Grants received but not earned are recorded as deferred revenues.

Interest

General fixed assets of the County do not reflect capitalized interest cost. Interest in the Enterprise Funds is charged to expense as incurred except for interest expense related to borrowings used for construction projects, which is capitalized net of interest earned on construction funds borrowed. Interest capitalization ceases when the construction project is substantially complete. Net interest capitalized during fiscal 1998 amounted to $32,996,000.

Inventories

Inventories, consisting principally of materials and supplies held for use or consumption, are recorded at cost for Governmental Fund Types and lower of cost (first-in, first-out method) or market for the Enterprise Funds, except for the Transit Agency, Water and Sewer and the Public Health Trust. These Enterprise Funds use the average cost method.

Inventories reported for Governmental Fund Types are recorded under the purchase method of inventory accounting, and are therefore equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources for appropriation.

Receivables

Special Revenue Fund mortgages receivables arise from the County's housing development programs which provide low income housing assistance to eligible applicants. At September 30, 1998, an allowance of $37,244,000 has been established to reflect the estimated uncollectable portion of the outstanding mortgages receivable.

Accounts receivable of the County are presented in the financial statements, net of an allowance for uncollectible accounts of approximately $176,995,000, which is related to Enterprise Fund operations.

Fixed Assets, Depreciation and Depletion

Fixed assets are recorded at cost, except for contributed fixed assets which are recorded at fair value at the date of contribution. Expenditures for maintenance, repairs, and minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as fixed asset additions.

The fixed assets of the Governmental Fund Types are recorded in the General Fixed Assets Account Group. Improvements, other than to buildings, and infrastructure assets are not reported since these assets are immovable and of value only to the County. Depreciation is not provided on assets reflected in the General Fixed Assets Account Group.

The fixed assets of the Proprietary Fund Types is recorded in the respective Enterprise Funds' accounts. Depreciation expense is provided on fixed assets recorded in the Enterprise Funds using the straight-line method over the estimated useful lives of the assets which range as follows:

Buildings and building improvements	5-50 years
Utility plant and systems	5-100 years
Roads, bridges and other improvements	10-50 years
Furniture, fixtures, machinery and equipment	3-30 years

Depreciation expense applicable to the Transit Agency's, Solid Waste Management's and Water and Sewer's assets acquired with contributed resources is transferred from retained earnings to the related capital contributions account. These contributed resources were grants, entitlements, or shared revenues which were externally restricted for the purpose of acquiring fixed assets. Depreciation is not provided on art objects since they are considered to have no determinable useful life.

When fixed assets are disposed, the related costs and accumulated depreciation are removed from the accounts, with gains or losses on disposition being reflected in operations.

The Solid Waste Management records depletion on landfill sites and the estimated cost of permanently capping and maintaining such landfills on the basis of capacity used.

Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed in October and are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in the month of March. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by the sale of interest-bearing tax certificates and the seizure of personal property to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

No accrual for the property tax levy becoming due in November 1998 is included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 1998, and such taxes are collected to finance expenditures of the fiscal year ending September 30, 1999.

Impact Fees

Assets held in trust in the Capital Projects Funds of $85,397,000 represents the impact fees collected from developers for public infrastructure and/or capital improvements that may be refunded upon request, if the funds are not expended or encumbered within a specific time period.

Restricted Assets and Reserves

Specific Enterprise Fund assets are required to be segregated as to their use and are therefore identified as restricted assets. Assets are restricted pursuant to donor specifications and restrictions arising from various bond indenture agreements. The indenture agreements further require that, for certain restricted assets, offsetting reserves be established by charges to retained earnings (see Note 10).

Special Assessment Debt

Special assessment debt is payable solely from special assessments collected by the County as agent for property owners and does not constitute an obligation of the County. At September 30, 1998, such bonds outstanding aggregated to $10,910,000 and, accordingly, are not included in the accompanying financial statements.

Accounting Changes and Restatements

Effective October 1, 1997, the County adopted GASB Statement No. 31 Accounting and Financial Reporting for Certain Investments and External Investment Pools. This statement establishes that governmental entities report investments at fair value in the balance sheet and all investment income, including changes in the fair value of the investment, be recognized in the respective fund and/or component unit. In order to conform with the provisions of the statement, the County has restated beginning fund equity in the individual funds where the effect of implementation would be material to the specific fund.

The schedule below details restatements made to the enterprise funds fund equity to reflect the increase in fair value of investments required under GASB Statement No. 31 referred to above (in thousands):

	Enterprise Funds		
	Retained Earnings	Contributed Capital	Total Fund Equity
September 30, 1997 fund equity as previously reported	$1,184,695	$3,156,749	$4,341,444
Water & Sewer	123		123
Public Health Trust	780	424	1,204
October 1, 1997 fund equity as restated	$1,185,598	$3,157,173	$4,342,771

Note 3 - Cash, Cash Equivalents and Investments

The County pools substantially all cash, cash equivalents and investments, except for separate cash and investment accounts which are maintained in accordance with legal restrictions.

Each fund's equity share of the total pooled cash, cash equivalents and investments is included on the accompanying financial statements under the caption "Cash and cash equivalents" and "Investments."

At September 30, 1998, the County's cash and cash equivalents and investments included the following (in thousands):

Cash	$ 137,805
Certificates of deposit	55,828
Total cash and interest-bearing deposits	193,633
Investments (including cash equivalents)	2,938,001
Total cash and cash equivalents and investments	$3,131,634

All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes Chapter 280, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Cash Deficits

As of September 30, 1998, the Transit Agency and Seaport Enterprise Funds had cash deficit balances of $42,617,000 and $4,272,000, respectively. It is the County's practice to report cash deficits with a corresponding interfund receivable/payable in the appropriate fund. These cash deficits have been funded with cash advances from the County's General Fund. As of September 30, 1998, the Transit Agency is pending reimbursement from grantor agencies for the cash deficit in the capital projects of $24,730,000, the remaining cash deficit of $17,887,000 is attributable to operating expenditures in excess of cash receipts. Management is in the process of developing and implementing a plan to eliminate the cash deficit through timely collection of grants receivables and other one time funding sources. The Seaport Department's deficit includes a deficit balance in the Seaport General Fund of $4,272,000. The cash deficit in the General Fund will be repaid from available revenues after making the transfers and deposits required by the Master Bond Ordinance and other subordinate debt agreements.

Investments

Investments are made in accordance with the provisions of Chapter 125.31 (1) Florida Statutes, and County Ordinance 84-47, "Investment and Reinvestment of Surplus Funds."

The County is authorized to invest in obligations of the U.S. Government, its agencies and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, certificates of deposit, and the Local Government Surplus Funds Trust Fund.

The County's investments are categorized to provide an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the County's name.

The tabular presentation which follows presents the County's investments (including cash equivalents) in terms of risk assumed at September 30, 1998 (in thousands):

	Category 1	Category 2	Category 3	Fair Value
U.S. Government and Agency Securities	$ 981,634	$138,091	$ 83,832	$1,203,557
Repurchase Agreements	7,935		71,045	78,980
Commercial Paper	748,686	141,857		890,543
Bankers Acceptance	186,514			186,514
Guaranteed Investment Contracts	220,871			220,871
	$2,145,640	$279,948	$154,877	$2,580,465
Investments held by State				357,536
Total Investments (including cash equivalents)				$2,938,001

Note 4 - Contributed Capital

During the year contributed capital increased (decreased) by the following amounts (in thousands):

	Transit Agency	Solid Waste Management	Seaport	Aviation Department	Water and Sewer (as restated)	Public Health Trust (as restated)	Rickenbacker Causeway	Vizcaya Art Museum	Housing Agency Public Housing Division	Total Enterprise Funds
Contributions at October 1, 1997	$1,392,091	$80,313	$53,741	$390,934	$905,921	$306,801	$2,161	$7,120	$18,091	$3,157,173
Grants	33,088		2,366	22,921		24,704			500	83,579
Developers					20,275					20,275
Customers					2,233					2,233
Connection Charges					21,332					21,332
Other	411	47	4,092		3,278					7,828
Current Year Depreciation	(45,516)	(4,863)		(71,095)	(26,414)					(147,888)
Contributions at September 30, 1998	$1,380,074	$75,497	$60,199	$342,760	$926,625	$331,505	$2,161	$7,120	$18,591	$3,144,532

Note 5 - Fixed Assets

Changes in fixed assets of the County for the fiscal year ended September 30, 1998 are as follows (in thousands):

DESCRIPTION	Balance October 1, 1997	Additions	Deletions	Balance September 30, 1998
General Fixed Assets:				
Land	$ 247,327	$ 57,060		$ 304,387
Building and building improvements	1,150,359	27,780		1,178,139
Furniture, fixtures, machinery and equipment	479,933	37,377	$14,862	502,448
Construction in progress	414,416	41,308	12,045	443,679
Total	$2,292,035	$163,525	$26,907	$2,428,653
General Fixed Assets by Function:				
Policy formation and general government	$ 496,548	$ 66,242	$ 7,417	$ 555,373
Protection of people and property	602,754	53,411	12,943	643,222
Mental and physical health	61,503	3,543	1,735	63,311
Transportation	58,265	1,584	55	59,794
Socio-economic environment	592,625	9,423	52	601,996
Health	154,330	6,617	207	160,740
Culture and recreation	326,010	22,705	4,498	344,217
Total	$2,292,035	$163,525	$26,907	$2,428,653
Enterprise Funds:				
Land	$ 484,852	$ 38,844	$ 10,089	$ 513,607
Building and building improvements	3,732,041	206,785	12,399	3,926,427
Utility plant and systems	1,500,968	193,134	1,053	1,693,049
Roads, bridges and other improvements	777,637	88,218	532	865,323
Furniture, fixtures, machinery and equipment	1,971,099	190,537	35,862	2,125,774
Construction in progress	1,018,864	454,816	643,528	830,152
Total	9,485,461	1,172,334	703,463	9,954,332
Less: Accumulated Depreciation	(2,455,863)	(268,972)	43,691	(2,681,144)
Total	$ 7,029,598	$ 903,362	$659,772	$ 7,273,188

Operating Leases

Aviation - The major portion of the Aviation Department's property, plant and equipment is held for lease. A substantial portion of the leases are cancelable and provide for periodic adjustment to rental rates to maximize operational flexibility. The noncancelable lease agreements also provide for periodic adjustments to the rental rates. In addition, the Aviation Department leases certain properties under management and concession agreements. Certain of these leases provide for minimum rentals plus a specified percentage of the tenants' gross revenues. All leases are classified as operating leases.

At September 30, 1998, minimum rentals under such lease agreements are as follows (in thousands):

Year Ending September 30,	
1999	$ 48,597
2000	44,384
2001	31,540
2002	19,115
2003	13,098
Total	$156,734

General Segment - During fiscal year 1998, the County entered into a three party Lease/Sublease agreement with Dana Commercial Credit Corporation ("Dana") regarding the leasing rights of the Stephen P. Clark Center (the "Metro Center"). The terms of the Lease/Sublease agreement provide for the leasing of the County's leasing rights of the Metro Center to a third party, Wilmington Savings as trustee for Redade, a subsidiary of Dana, which in turn subleases the asset back to the County for a period of 29 years, commencing June 1, 1998. During this time period the County retains title and control of the facility.

At closing , the County received a total of $79 million. $3.7 million of the $79 million are considered an up-front payment and was recognized as revenue in fiscal year 1998. $57 million of the remaining $75.3 million was deposited with a financial institution and the proceeds will be used to meet the payment obligations by the County under the sublease agreement and $18 million will mature to an amount sufficient, approximately $49 million, to fully defease its sublease obligations and buy-out option, 17.5 years subsequent to the commencing date. It is management's intent to exercise the purchase option allowed under the agreement in the year 2015. The total minimum lease payments of approximately $128 million will be amortized on a straight-line basis over the life of the lease term. This Lease/Sublease agreement has been accounted for as a non-cancellable operating lease as part of the Special Revenue Funds. The future minimum lease payments which are amortized on a straight-line basis to include the buy-out option, are as follows (in thousands):

Year Ending September 30,	
1999	$ 944
2000	3,013
2001	3,038
2002	3,077
2003	3,119
Thereafter	115,381
Total	$128,572

Transit Agency - During fiscal year 1997, the County entered into a three party lease-in/lease-out arrangement (the "agreements") with the Bank of New York Leasing Corporation for a total of 134 commuter rail cars. The agreements provide for the lease of the equipment owned by the County to a financial party lessee and the sublease of such equipment back to the County for a period ranging from 22 to 24 years commencing May 1997. At the time of the transaction, the County received from the financial party lessee the total minimum rental payments required under the leases of approximately $95 million. The minimum rental payments received are amortized on a straight-line basis over the life of the lease terms.

The County deposited $70,350,000 with a financial institution sufficient to meet all of its payment obligations under the term of the subleases and acquired $17,583,000 in United States Treasury Strips which would mature to an amount sufficient to satisfy each agreement's purchase of the Head Lease Rights option. The funds on deposit and the United States Treasury Strips have been included as restricted assets in the accompanying financial statements.

The subleases have been accounted for as non-cancellable operating leases. Future minimum lease payments which are amortized on a straight-line basis, over the lease terms are as follows (in thousands):

Year Ending September 30,	
1999	$ 15,418
2000	14,574
2001	14,574
2002	9,661
2003	13,548
Thereafter	94,420
Total	$162,195

Note 6 - Segment Information for Enterprise Funds

The County maintains nine Enterprise Funds which provide bus and rail transportation, waste collection and disposal, seaport, airport, water and sewer, hospital, causeway, cultural services and housing. It is the intention of the County to maintain adequate rate structures or provide subsidies to sustain the future operations of its Enterprise Funds.

Separate financial statements are issued for each enterprise fund, and may be obtained from the County's finance department or the individual component units (addresses following the statistical section).

Segment information for the year ended September 30, 1998 is as follows (in thousands):

	Transit Agency	Solid Waste Management	Seaport	Aviation Department	Water and Sewer	Public Health Trust	Rickenbacker Causeway	Vizcaya Art Museum	Housing Agency Public Housing Division	Total Enterprise Funds
Operating Revenues	$ 80,398	$168,852	$ 67,751	$ 453,045	$ 372,622	$ 625,975	$ 5,096	$ 2,609	$ 5,740	$1,782,088
Depreciation Expense	53,548	17,914	13,353	89,912	68,170	24,352	643	6	1,074	268,972
Operating Income (Loss)	(213,645)	26,112	22,460	37,629	113,021	(181,954)	1,611	359	4	(194,403)
Intergovernmental Subsidies	39,724	2,502			554				4,092	46,872
Operating Transfers In	107,736		26,408			204,627				338,771
Operating Transfers Out		9,349	105		31,471					40,925
Net Income (Loss)	(53,920)	17,294	27,660	3,372	62,452	46,303	1,504	464	2,499	107,628
Current Capital Contributions	33,499	47	6,458	22,921	47,118	24,704			500	135,247
Fixed Asset Additions	65,537	51,896	11,946	458,244	500,398	81,271	2,561		481	1,172,334
Fixed Asset Deletions	44,836	46,859		285,863	305,554	18,106	2,241		4	703,463
Property and Equipment, Net	1,320,678	249,123	410,205	2,182,689	2,716,706	329,369	24,623	8,645	31,150	7,273,188
Total Assets	1,454,461	363,231	452,124	2,574,416	3,651,146	1,005,502	29,016	10,805	43,039	9,583,740
Net Working Capital (Deficiency)	(17,339)	42,523	10,389	22,189	102,966	34,382	1,323	1,799	(824)	197,408
Bonds, Loans and Notes Payable, net from Operating Revenues		158,163	352,912	1,599,626	1,633,728	199,763	5,040		10,882	3,960,114
Unreserved Retained Earnings (Deficit)	(98,364)	(19,796)	17,406	312,558	739,755	65,053	18,673	3,324	5,485	1,044,094
Total Fund Equity	$1,281,710	$ 55,701	$ 77,605	$ 706,221	$1,856,094	$ 549,706	$22,639	$10,444	$25,526	$4,585,646

Note 7 - Self-Insurance Program

The County's Risk Management Division administers property, workers' compensation and liability self-insurance programs. Certain group health insurance programs are also self-insured, subject to certain stop-loss provisions. These programs are administered by an independent administrator.

The property self-insurance program covers the first $1 million per occurrence of property losses for most perils. Insurance coverage is maintained with independent carriers for property losses in excess of self-insured retentions up to $5.7 billion countywide. Windstorm coverage is limited to $350 million countywide with a 2% deductible (minimum $5 million and maximum $50 million) per location overall, during fiscal year 1998, there were no significant changes in insurance coverages. Settlements did not exceed coverage for any of the past three years.

The County maintains no excess coverage with independent insurance carriers for the workers' compensation and general liability self-insurance programs. Premiums are charged to the respective funds and determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year.

The Risk Management Division also administers the self-insurance program for the Enterprise Funds. The Public Health Trust only participates in the workers' compensation and health self-insurance programs. The Trust maintains their own self-insurance programs for automobile, general, and professional liability.

The Aviation Department also pays premiums to commercial insurance carriers for airport liability insurance, construction wrap-up and property insurance. The airport liability coverage provides comprehensive general liability, contractual liability, personal injury and on-site automobile liability at all airports. The Aviation Department also has a recorded liability of $1,300,000 for estimated claims payable not covered by the policies due to self-insured retention limits.

The estimated liability for reported and unreported insurance claims of the self-insurance programs administered by the Risk Management Division (the "Division") is determined annually based on the estimated ultimate cost of settling claims, using past experience adjusted for current trends, and any other factors that would modify past experience. Outstanding claims are evaluated through a combination of case-by-case reviews and the application of historical experience. The estimate of incurred but not reported (IBNR) losses is based on historical experience and is determined by an independent actuary.

At September 30, 1998, the total estimated liability for short and long-term is $37,919,053 and $87,130,348, respectively, for all reported claims and claims incurred but not reported net of discount of $32,125,000 computed based on a projected rate of 5%.

Changes in the Internal Service Fund estimated liability amount for fiscal years 1997 and 1998 is as follows (in thousands):

	Workers Compensation	General Liability	Auto Liability	Group Health	Police Liability	Other	Total
Balance at October 1, 1996	$ 78,791	$ 14,786	$ 8,928	$ 8,800	$ 5,153	$ 1,870	$ 118,328
Claims paid	(20,426)	(3,516)	(4,907)	(59,145)	(1,503)	(7,028)	(96,525)
Claims and changes in estimates	20,426	3,516	4,907	59,145	1,503	7,028	96,525
Liabilities as of September 30, 1997	$ 78,791	$ 14,786	$ 8,928	$ 8,800	$ 5,153	$ 1,870	$ 118,328
Balance at October 1, 1997	$ 78,791	$14,786	$ 8,928	$ 8,800	$ 5,153	$ 1,870	$ 118,328
Claims paid	(20,699)	(4,423)	(6,019)	(62,220)	(1,734)	(3,364)	(98,459)
Claims and changes in estimates	23,348	(522)	9,897	58,646	11,896	1,915	105,180
Liabilities as of September 30, 1998	$ 81,440	$ 9,841	$ 12,806	$ 5,226	$15,315	$ 421	$ 125,049

Changes in the estimated liability for the Water and Sewer Department and Public Health Trust for fiscal years 1997 and 1998 is as follows (in thousands):

	Water and Sewer Department	Public Health Trust	Total
Balance at October 1, 1996	$21,744	$33,161	$54,905
Claims paid	(1,026)	(5,135)	(6,161)
Claims and changes in estimates	4,047	9,604	13,651
Liabilities as of September 30, 1997	$24,765	$37,630	$62,395
Balance at October 1, 1997	$24,765	$37,630	$62,395
Claims paid	(1,206)	(6,690)	(7,896)
Claims and changes in estimates	(3,156)	7,350	4,194
Liabilities as of September 30, 1998	$20,403	$38,290	$58,693

Note 8 - Long-Term Debt

General Long-Term Obligations

General long-term obligations of the County include general and special obligation bonds, installment purchase contracts and loan agreements that are payable from property tax levies and specific revenue sources. These long-term obligations, which currently bear interest at rates ranging from 3.5% to 8.45%, represent obligations of the County as a whole and not of its individual constituent funds.

As of September 30, 1998, the County has $23,270,000 of special obligation bonds that are due within seven days of demand by the holder at a price equal to principal plus accrued interest. The County's remarketing agent is authorized to use its best efforts to sell the repurchased bonds at par by adjusting the interest rate.

Under standby bond purchase agreements (the "Agreements") issued by a bank, the fiscal agent can draw amounts sufficient to repurchase the bonds if they cannot be resold by the remarketing agent. In the absence of monies available under the Agreements, the monies will be drawn under irrevocable letters of credit. The Agreements and letters of credit expire on December 1, 1999, October 12, 1999 and November 1, 1999 for the Equipment Bonds Series 1987A, Equipment Bonds Series 1988A, and the Capital Asset Acquisition Bonds Series 1990, respectively. There were no amounts outstanding under the Agreements or letters of credit as of September 30, 1998.

The County is required to pay an annual commitment and remarketing fee based on a percentage of the outstanding principal amount of the bonds. This fee totaled $106,355 for the 1998 fiscal year.

A summary of debt service requirements to maturity of general and special obligation bonds and loan agreements is as follows (in thousands):

Maturing in	General Obligation Bonds			Special Obligation Bonds			Housing Agency Public Housing Division		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1999	$ 42,035	$ 26,185	$ 68,220	$ 48,625	$ 24,601	$ 73,226	$ 21,604	$ 7,762	$ 29,366
2000	39,120	22,988	62,108	50,573	23,591	74,164	4,286	6,451	10,737
2001	42,155	19,886	62,041	51,364	21,690	73,054	4,495	6,231	10,726
2002	41,465	16,504	57,969	48,174	19,925	68,099	4,468	5,985	10,453
2003	32,870	13,175	46,045	50,552	18,210	68,762	4,680	5,753	10,433
2004-2008	53,550	44,771	98,321	140,242	89,605	229,847	24,709	23,183	47,892
2009-2013	39,470	27,944	67,414	149,634	93,794	243,428	25,460	14,668	40,128
2014-2018	48,311	13,158	61,469	215,289	120,706	335,995	16,979	6,946	23,925
2019-2023	19,595	2,225	21,820	200,878	148,027	348,905	9,945	2,341	12,286
2024-2028				254,160	191,877	446,037	546	49	595
2029-2033				421,792	253,352	675,144			
2034-2038				307,660	142,288	449,948			
Less: Unaccreted Value				(1,046,396)		(1,046,396)			
Total	$358,571	$186,836	$545,407	$ 892,547	$1,147,666	$ 2,040,213	$117,172	$79,369	$196,541

Changes in outstanding long-term obligations are summarized as follows (in thousands):

	General Obligation Bonds	Special Obligation Bonds	Loan Agreements	Housing Agency Public Housing Division
Outstanding October 1, 1997	$351,781	$ 691,421	$ 323	$125,387
New issue	50,000	393,019		
Defeased		(167,371)		
Principal retired	(43,210)	(50,232)	(323)	(8,215)
Accretion		25,710		
Outstanding September 30, 1998	$358,571	$892,547		$117,172

Changes in other general long-term obligations include the following (in thousands):

	Balance October 1, 1997	Additions	Deletions	Balance September 30, 1998
Accrued vacation and sick pay benefits	$185,838	$82,148	($77,723)	$190,263
Accrued health insurance benefits	19,819	4,344	(2,951)	21,212
Arbitrage liability	1,169	1,291	(367)	2,093
Contingencies	6,579	9,592	(6,579)	9,592
Total	$213,405	$97,375	($87,620)	$223,160

Revenue Bonds and Other Debt

The County's revenue bonds and loans are payable from specified revenues of various Enterprise and Internal Service Funds. The County is required to maintain and adjust its rate schedules and fees such that revenues will be sufficient to fund debt service requirements when due and maintain debt service reserves as specified in the debt agreements.

Maturities and changes in outstanding debt are as follows (in thousands):

Maturing in Fiscal Year	Bonds Principal	Bonds Interest	Loans Principal	Loans Interest
1999	$ 88,899	$ 209,213	$ 6,803	$ 7,966
2000	101,396	205,929	7,801	7,770
2001	107,112	200,710	49,178	7,455
2002	112,848	195,113	6,823	7,146
2003	116,045	189,407	7,119	6,849
2004-2008	680,012	846,580	40,282	29,208
2009-2013	586,550	663,854	96,716	17,761
2014-2018	654,505	501,988	26,780	7,967
2019-2023	799,645	303,407	10,870	3,140
2024-2028	634,025	77,109		
	$3,881,037	$3,393,310	$252,372	$95,262
Less:				
Unamortized Discount & Deferred Amt.	(132,720)			
Premium	625			
Total	$3,748,942	$3,393,310	$252,372	$95,262

Changes During the Fiscal Year	Bonds	Loans
Outstanding October 1, 1997	$3,706,149	$308,239
New issues	569,185	2,585
Defeased	(303,900)	(1,134)
Retired	(90,324)	(57,318)
Other	(73)	
Outstanding September 30, 1998	$3,881,037	$252,372
Range of interest rates	1.0-8.8%	2.56-6.0%

Statement of Interest Rate Swap Positions

In connection with the Series 1993 Refunding Bonds, the Water and Sewer Department has entered into three interest rate swaps. In two of the interest rate swap agreements, the interest owed to the counterparties of the swaps is calculated at a variable rate and the amount owed from the counterparties is based on a fixed rate. In other interest rate swap, the Water and Sewer Department pays BMA/.604 and the counterparty pays LIBOR + 1.28%. The Water and Sewer Department has also entered into an interest rate swap agreement in connection with the Series 1994 Revenue Bonds for the outstanding period of the Bonds, the department pays a fixed rate of 5.28% and the counterparty pays the variable rate on these bonds.

The Aviation Department had entered into an interest rate swap agreement in connection with the Series V Revenue Bonds for the outstanding period of the Bonds. The interest rate swap was terminated with the refunding of the Series V Revenue Bonds.

If the counterparties to the swaps default, or if the swaps are terminated, the departments will be exposed to the rates established in each bond issue. A termination of any swap agreement may result in the departments making or receiving a termination payment. The counterparties to the interest rate swap agreements are large international brokerage and insurance firms and, accordingly, the County believes there is little risk of counterparty nonperformance.

The following table summarizes interest rate swap agreements for the year (in thousands):

		Notional	County Pays		Counterparty Pays		
Swap	Counterparty	Amount	Description	$ Amount	Description	$ Amount	Term
Water & Sewer Series 1993	Merril Lynch Capital Services Inc.	$175,000/ 215,000	Variable Rate	$ 6,234	Fixed - 4.85%	$ 8,194	9/19/01- 6/15/08 W/option to terminate 12/15/02
Water & Sewer Series 1993	Rice Financial Products Co.	40,000	Variable Rate	1,425	Fixed - 9/98-9/99 5.42% 9/99-9/00 6.13% 9/00-9/01 7.14%	1,908	9/19/01 W/option to terminate 9/18/99
Water & Sewer Series 1993	Rice Financial Products Co.	114,500	BMA/.604	237	LIBOR + 1.28%	381	10/01/13
Water & Sewer Series 1994	AIG Financial Products Corp.	422,405	Fixed - 5.28%, Remarketing Fee & LOC Charges	22,675	Variable Rate	15,031	10/05/22

Long-Term Obligations

The table below describes bonds and loans that were issued during the year (in thousands):

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Amount Issued
	Bonds:				
10/21/97	Aviation Revenue Bonds, Series 1997B and 1997C	To finance certain airport improvements.	4.75% - 5.125%	2027	$200,000
11/24/97	Dade County General Obligation Bonds (Parks Program) Series 1997	To finance capital improvements and acquisition of neighborhood and regional parks, beaches, natural areas and recreational and heritage facilities.	5.0% - 6.5%	2022	50,000
12/18/97	Dade County Subordinate Special Obligation Bonds Series 1997B	To provide additional funds for the design, engineering, acquisition, construction and equipping of various performing arts center facilities.	5.0% - 5.66%	2037	170,008
12/18/97	Dade County Subordinate Special Obligation Bonds Series 1997C	To provide funds for the acquisition of real property for a new multi-purpose professional sports facility and the construction of a related pedestrian bridge.	4.0% - 5.68%	2028	41,961
07/10/98	Public Health Trust Revenue Bonds Series 1998	Finance the cost of certain additions to PHT’s healthcare facilities.	3.7% - 5.25%	2018	67,100
08/27/98	Dade County Solid Waste Revenue Bonds Series 1998	Pay outstanding bond anticipation notes and finance certain capital projects.	3.65% - 4.875%	2018	60,000
	Loans:				
09/30/98	State Revolving Fund	To finance construction of wastewater treatment facilities.	2.65% - 3.81%	2015	2,585

Long-Term Obligations (continued)

The following table summarizes refunding debt issued during the year (in thousands):

Date	Description	Amount Issued	Amount Defeased	Deferred Charge	Cash Flow Difference	Economic Gain
	Bonds:					
12/18/97	Dade County Subordinate Special Obligation Bonds Series 1997A	$ 86,571	$ 75,120	n/a	$57,449	$4,712
05/12/98	Miami-Dade Housing Agency Revenue Refunding Bonds Series 1998	9,000	8,660	427	1,607	609
07/29/98	Aviation Revenue Refunding Bonds Series 1998A and 1998B	233,085	230,450	17,799	12,852	9,071
07/09/98	Dade County Professional Sports Franchise Facilities Tax Revenue Refunding Bonds Series 1998	94,479	92,251	n/a	22,931	2,408
08/20/98	Public Health Trust Public Facilities Revenue Bonds	0	64,790	2,533	3,551	2,135

Defeased Debt:

The County defeased certain debt as listed in the table below (in thousands), by placing the proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the defeased debt.Such proceeds are invested in direct obligations of the US. Government and, in the opinion of the County and its Bond Counsel, will provide for all future debt service payments on the defeased debt. Accordingly, the trust account's assets and the liability for the defeased debt are not included in the accompanying financial statements.

Type	Series	Date of Defeasance	Call Date	Final Maturity Defeased	Principal Amount Defeased	Principal Outstanding September 30, 1998
Special Obligation Bonds:						
Guaranteed Entitlement	A	12/27/85	02/01/08	02/01/08	$ 65,000	$29,530
" "	1985	06/06/95	02/01/00	02/01/03	49,137	42,147
" "	1990	06/06/95	02/01/06	08/01/18	49,749	49,749
Sports Franchise Facilities Tax	1992A	07/09/98	10/01/02	10/01/02	1,675	1,675
" "	1992B	07/09/98	10/01/11	10/01/22	59,609	59,609
" "	1992B1	07/09/98	10/01/98	10/01/12	805	805
" "	1995	07/09/98	10/01/30	10/01/30	30,162	30,162
Special Obligation (CDT)	1996B	12/18/97	10/01/08	10/01/33	75,120	75,120
Total Special Obligation Bonds Defeased					$331,257	$288,797
Revenue Bonds and Loans:						
Aviation Department	C	08/15/85	10/01/98	10/01/07	$ 35,705	$ 19,305
" "	S	07/08/97	10/01/97	10/01/04	79,950	Redeemed
" "	T	07/08/97	10/01/97	10/01/05	46,305	Redeemed
" "	U	07/29/98	10/01/98	10/01/06	82,990	82,990
" "	V	07/29/98	08/12/98	10/01/07	43,460	Redeemed
" "	W	07/29/98	10/01/02	10/01/07	24,000	24,000
" "	1995B	07/29/98	10/01/05	10/01/24	80,000	80,000
Solid Waste	1985A	01/07/97	10/01/00	10/01/10	15,857	15,857
Rickenbacker Causeway	1983	08/29/85	10/01/08	10/01/08	5,225	5,225
Public Facilities	1979	07/13/83	10/01/99	10/01/99	8,450	1,456
" "	1988A	06/15/93	06/01/98	06/01/18	9,930	Redeemed
" "	1993	08/20/98	06/01/18	06/01/18	64,790	64,790
Seaport	B,F,G	08/01/78	12/01/01	10/01/02	10,205	2,870
"	1978	10/25/88	10/01/97	10/01/00	6,955	Redeemed
"	1979	10/25/88	04/01/04	10/01/09	17,265	12,570
"	1990E	09/29/95	10/01/00	10/01/15	15,610	15,610
"	1992	01/01/96	10/01/01	10/01/26	138,260	138,260
Special Housing	1978A	05/12/98	06/01/98	07/01/99	285	Redeemed
" "	1978A	05/12/98	06/01/98	07/01/02	530	Redeemed
" "	1979A	05/12/98	06/01/98	07/01/08	700	Redeemed
" "	1979A	05/12/98	06/01/98	07/01/06	1,590	Redeemed
" "	1980A	05/12/98	06/01/98	07/01/12	3,340	Redeemed
" "	1981A	05/12/98	06/01/98	07/01/12	2,215	Redeemed
Water System	1992	12/23/93	06/01/02	06/01/04	36,245	23,020
Waterworks System	A	12/23/93	01/02/98	01/01/04	16,030	Redeemed
Pollution Control	X	12/23/93	07/01/01	07/01/12	43,700	36,300
" "	H	12/23/93	07/01/99	07/01/04	22,430	13,975
" "	V	12/23/93	07/01/98	07/01/10	73,750	Redeemed
" "	W	12/23/93	07/01/98	07/01/01	21,115	Redeemed
Total Revenue Bonds and Loans Defeased					$906,887	$536,228

Debt Authorized but Unissued

As of September 30, 1998, the County has authorized but not issued the following:

a) $1,280,000 of general obligation bonds for general public improvements;

b) $25,655,000 of general obligation refunding bonds to advance refund all or portion of certain criminal justice general obligation bonds;

c) $705,000 Causeway Revenue Bonds;

d) $34,020,000 of Guaranteed Entitlement Refunding Revenue Bonds;

e) $247,500,000 of general obligation bonds for capital improvements for County airports to be paid by Aviation net revenues, if issued;

f) $35,700,000 Equipment Floating/Fixed Rate Special Obligation Bonds;

g) $131,474,000 of general obligation bonds for capital improvements to the County's water and sewer system, to be paid by Water and Sewer net revenues, if issued;

h) $17,895,000 special obligation bonds for Miami-Dade Fire and Rescue District (District) to be used for the capital facilities in the District;

i) $8,026,000 Professional Sports Franchise Facilities Tax Revenue Bonds;

j) $468,000,000 Aviation Revenue Bonds for improvements to airport facilities (the "1995 Authorization");

k) $2,397,000,000 Aviation Revenue Bonds for improvements to airport facilities (the "1996 Authorization");

l) $500,000,000 Aviation revenue Bonds for improvements to airport facilities (the "1997 Authorization);

m) $400,000,000 Aviation Bond Anticipation Notes to pay costs for improvements to airport facilities;

n) $730,000 Seaport Revenue Bonds to pay the cost of capital improvements to certain Seaport Department passenger terminal facilities;

o) $15,805,000 Water and Sewer System Revenue Bonds to finance the cost of capital improvements to the water and sewer systems of the County;

p) $50,000,000 Solid Waste System Bond Anticipation Notes to pay the costs of improvements to, and new capital project for, the Solid Waste System of the County;

q) $90,000,000 Soild Waste System Revenue Bonds to pay the outstanding Solid Waste System Bond Anticipation Notes and any additional improvements to, and new capital project for, the Solid Waste System of the County;

r) $150,000,000 General Obligation Bonds to provide funds for parks programs for regional parks, beaches, unincorporated areas and grants to municipalities;

s) $46,500,000 Florida Port Financing Commission loan to finance marine structures, cargo and cruise terminals.

Note 9 - Defined Benefit Pension Plan

The County participates in the Florida Retirement System (the "System"), a cost-sharing, multiple-employer, public employee retirement plan, which covers substantially all of the full time and part-time employees. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees as defined by the State who were hired after 1970, and those employed prior to 1970 who elect to be enrolled, are covered by the System. Benefits under the plan vest after ten years of service. Employees who retire at or after age 62, with ten years of credited service, are entitled to an annual retirement benefit, payable monthly for life. The System also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State statute.

During fiscal year 1997, the County adopted GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* (GASB No. 27). Pursuant to GASB No. 27, employers that participate in multi-employer defined benefit plans are required to measure and disclose an amount for annual pension costs on the accrual basis of accounting. There is no effect on the accompanying financial statements as a result of the adoption of GASB Statement No. 27.

Pension costs for the County as required and defined by State statute ranged between 12.5% to 27.93% of gross salaries for fiscal year 1998. For the fiscal years ended September 30, 1998, 1997 and 1996, the County contributed 100% of the required contributions. These contributions aggregated $256 million, $248 million, and $241 million, respectively, which represents 19.5%, 19.5% and 19.5% of covered payroll, respectively, and 7.91% of the total contributions required of all participating agencies for fiscal years 1998, 1997 and 1996.

A copy of the System's June 30, 1998 annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Fl 32399-1560 of by calling (850) 488-5706.

Note 10 - Enterprise Funds Restricted Assets and Reserves

Restricted assets and reserves of the Enterprise Funds at September 30, 1997, represent bond proceeds designated for construction and restricted for debt service, maintenance and improvements under the terms of outstanding bond agreements. Restricted assets also include those assets restricted by donors for specific purposes within the Public Health Trust.

Assets restricted for debt service are for the payment of bond principal and interest. Assets restricted for reserve maintenance are for the payment of unusual or extraordinary maintenance or repairs of Enterprise Fund properties. Construction fund assets are restricted for capital projects. General reserve assets may be applied to make up deficiencies in the aforementioned funds or used in general operations if there are insufficient non-restricted assets to meet operating expenses.

At September 30, 1998, assets were restricted for the following purposes (in thousands):

Debt service	$ 333,156
Reserve maintenance	134,592
Improvement and construction	620,339
General reserve	208,469
Donor restricted assets	334,434
Capital grants receivable and construction advances	8,631
Total	$1,639,621

For certain assets resulting from operating revenue restricted under bond agreements, ordinances, and other contractual agreements, a reserve is established by charging retained earnings (deficit) in an amount equal to the restricted assets less any related liabilities. When the restricted assets are expended, the reserves are restored to retained earnings (deficit).

The following is a summary of reserves at September 30, 1998 (in thousands):

Debt service	$ 84,620
Reserve maintenance	127,679
General reserve	184,721
Total	$397,020

Note 11 - Contingencies and Commitments

Environmental Matters

In 1993, the Aviation Department entered into a consent agreement (the “Agreement") with the Department of Environmental Resources Management (“DERM") under which the Aviation Department agreed to correct a number of environmental violations as a result of the failure by various Aviation Department tenants to comply with their environmental obligations at Miami International Airport including those facilities previously occupied by Eastern and Pan Am. During May 1998, a new Consent Agreement (“State Consent Agreement") was signed with the State of Florida Department of Environmental Protection (“FDEP"). The State Consent Agreement encompasses and replaces the DERM agreement and includes additional locations where contamination exists or is suspected. The Aviation Department included locations where contamination is suspected under a “protective filing". Under this “protective filing", should FDEP ever require the Aviation Department to remediate these locations, the State of Florida would be required to incur all remediation costs greater than $200,000 for each site.

In 1998, the study was further updated to reflect changes having occurred during the past year as well as the State Consent Agreement. As a result of the updated study, the new Consent Agreement and costs incurred in fiscal year 1998, the estimated range of the cost to correct such violations at September 30, 1998 is from $125 million to $293 million. The wide range of cost estimates for cleanup is due largely to uncertainties as to the nature and extent of environmental damages and the methods which must be employed for their remediation. Such amounts are expected to be paid by the Aviation Department over 17 years. Management believes that no specific amount in the range represents a better estimate of the ultimate liability. As a result, the Aviation Department has recorded a liability of $125 million in the Port Authority Properties at September 30, 1998. Management has allocated a portion of bond proceeds to fund this obligation and believes that the remaining amount can be funded from the operations of the Aviation Department.

In addition to the environmental violations which require correction pursuant to the new Consent Agreement, a portion of the land at Miami International Airport was a former military base that was originally included on the National Priorities List. The Aviation Department was named as a Potentially Responsible Party (“PRP") along with the Department of Defense and the company who operated the military base on behalf of the Department of Defense. The Department of Defense has undertaken an investigation to determine the existence of other PRP’s. Applicable federal law imposes joint and several liability on each PRP for the cleanup of such sites and as a result, the Aviation Department may be responsible for remediation costs attributable to other PRP’s who are unable to pay their share of remediation cost. The Aviation Department cannot estimate at this time its share of the total cost of remediation due to a number of uncertainties including, but not limited to, the method and extent of remediation, the percentage of remediation costs attributable to the Aviation Department, and the financial capabilities of other identified PRP’s. Preliminary estimates of the total remediation costs of this site range from $78 million to $182 million. Because of the uncertainties associated with remediation activities for this former military site, the Aviation Department has not recorded any provision for remediation activities related to this site in the accompanying financial statements since the amount of its liability cannot be determined at this time.

In addition to the remediation activities described above, the Aviation Department will also incur remediation costs to meet clean soil requirements as a result of future development. Such amounts are not considered a liability until such time when the future development is committed to by the Aviation Department. It is estimated that these remediation activities will be in excess of $44 million over the next 11 years.

The liability recorded by the Aviation Department does not include sites at Miami International Airport for which remediation is the responsibility of the Miami International Airport tenants. DERM is dealing directly with the responsible tenants in connection with the remediation activities. In addition, the liability recorded by the Aviation Department does not include an estimate of any environmental violations at the four general aviation airports or at the Training and Transition Airport.

In addition to the studies conducted to determine the environmental damage to the sites occupied by Eastern and Pan Am, the Aviation Department caused studies to be performed to determine the amount required to remove or otherwise contain the asbestos in certain buildings occupied by the airlines. The Aviation Department has also estimated the amount required to remove or otherwise contain the asbestos in buildings other than those occupied by Eastern and Pan Am. The studies estimate the cost to correct such damage related to all buildings to be approximately $6.5 million. Such amounts do not represent a liability of the Aviation Department until such time as a decision is made by the Aviation Department management to make certain modifications to the buildings which would require the Aviation Department to correct such matters.

FDEP has not approved the use of Risk Based Corrective Action (“RBCA"), which management believes will result in a reduction of the recorded liability. After RBCA is approved, the Aviation Department will have an independent engineering firm update the cost estimates. Accordingly, no adjustments have been made to the liabilities recorded as of September 30, 1998 as a result of RBCA.

In 1994 the County, on behalf of the Water and Sewer Department, has entered into two settlement agreements with the Florida Department of Environmental Protection (FDEP) and one consent decree with the U.S. Environmental Protection Agency (EPA) whereby the Department will accelerate its improvement program of the wastewater system, subject to a schedule of stipulated penalties if certain established completion dates are not met. A second and final consent decree was entered into in 1995. Very limited restrictions on new sewer construction may occur in certain areas of the County until adequate capacity becomes available in the wastewater system.

In December 1997, an Administrative Order on Consent (“AOC") with EPA became effective which adresses alleged violations of federal and state law regarding underground treated sewage injection wells and effluent discharges at a Department wastewater treatment plant. As required by the AOC, the Department will conduct hydrogeological studies to determine the nature of the concerns and take appropriate action, if necessary. A Consent Order with FDEP which is intended to operate in conjunction with the EPA AOC was executed by the County but has not yet been executed by FDEP. Several issues which arose subsequent to the County’s execution are currently being negotiated. When it becomes effective, the County will be obligated to pay a civil penalty of $45,000 or perform an in-kind environmental project valued at one and one-half times the penalty amount.

The County in conjunction with eighty other parties are deemed potentially responsible for a highly contaminated site located in Broward County. The federal and state environmental agencies have not yet agreed upon the appropriate remedy required. However, based on various clean-up options under consideration, estimates for the ultimate clean-up of the site may range from $15,000,000 to $80,000,000 for all parties involved. The County has not recorded any provision for remediation activities related to this site in the accompanying financial statements since the County’s portion of the liability cannot be determined at this time.

Tonnage Guarantee

The County operates a resource recovery facility (the “Facility") capable of processing 936,000 tons per year and generating up to 50 megawatts of electricity. The Facility is operated under a 26 year operating and maintenance agreement (the “Agreement") with a private entity (the “Company"), which expires on October 31, 2013. Solid waste is delivered to the Facility from the Department’s (the “Solid Waste") transfer stations and directly from municipal customers and private haulers. Garbage and trash is processed into refuse derived fuel and then burned in four boilers which produce steam to turn two turbine generators.

Payments made to the Company by the Department under the Agreement are based on certain delivery and processing guarantees as well as electric revenues from the sale of electricity generated by the plant and purchased under a power purchase agreement by Florida Power Corporation.

In order to finance ongoing plant enhancements, a future retrofit of the boilers to meet forthcoming Clean Air Act Standards, a recyclable trash improvements (“RTI") project to augment the County’s recycling objectives and other additional improvements to the plant, the County issued on behalf of the Company the Dade County, Florida Adjustable Tender Solid Waste Industrial Development Revenue Bonds (“IDBs"), Series 1988, Series 1989 and Series 1990A. IDBs were redeemed with proceeds from the sale of $182.7 million Dade County, Florida Resource Recovery Facility Refunding Revenue Bonds (the “Series 1996 Bonds"). The Series 1996 Bonds are limited obligations of the County, payable solely from and secured only by an irrevocable pledge of a lien on the Trust Estate created pursuant to the Trust Indenture. The principal balance of the bonds outstanding at September 30, 1998 is $172.4 million. Bonds proceeds were loaned to the Company under the terms of the Loan Agreement, dated September 1, 1996, between the County and the Company requiring the Company to make payments to the County in such amounts and at such times as will provide sufficient funds to pay the principal and interest on the Series 1996 Bonds when due. The Loan Agreement between the County and the Company has been assigned to the Trust Estate. The County has not pledged any revenues or property (including the Facility) as security for the Series 1996 Bonds. The Series 1996 Bonds are conduit debt obligations and are, therefore, not reflected in the accompanying financial statements. Pursuant to the Agreement, the Company has assigned all tipping fees and other operating revenues due from the County directly to the Trustee in an amount which, at a minimum, will equal the debt service requirements on the Series 1996 Bonds.

Concurrent with the issuance of the Series 1996 Bonds, the County entered into an interest rate swap agreement for purposes of converting the fixed interest payments on the Series 1996 Bonds into variable rate payments. Based on this agreement which is part of the Trust Estate, the Trustee pays amounts based on interest calculated at a variable rate to the counterparty to the swap, while the counterparty pays to the Trustee amounts based on interest at a fixed rate. The agreement by the counterparty to make payments to the County under the swap agreement does not affect the County's obligation under the Trust Indenture to pay the principal of and interest on the Series 1996 Bonds. Should interest rates increase significantly, the County could be exposed to increased payment obligations through increased tipping fees.

On October 23, 1997, the County entered into a second swap agreement to take advantage of the interest rate savings between the variable taxable and tax exempt rates. This Agreement provides for the Trustee to pay interest at a fixed rate to the counterparty in the swap. The counterparty, in turn, pays the Trustee interest at a *taxable* variable rate. If the counterparty defaults or if the swap is terminated, the County will be exposed to the rates established in the Series 1996 Bonds. Termination may result in the Trustee making or receiving a termination payment.

The County and the Company have executed the Third Amended and Restated Operations and Maintenance Agreement (the "Amended Agreement"). As part of the refinancing of the IDB's, the County and the Company amended and restated the existing Agreement to reflect the refinancing as well as the effect of the ongoing projects.

Under the terms of the Amended Agreement, the County has guaranteed to deliver for processing at the Facility 936,000 tons per year of On-Site Waste unless garbage is unavailable for delivery due to circumstances beyond the County's control. In the event the County guarantees to deliver not less than 702,000 tons per year of On-Site Waste and at least 270,000 tons per year in Recyclable Trash. If the County fails to meet these guarantees, the County will be required to pay the agreed tipping fees as if it had in fact delivered the guaranteed tonnage. As of September 30, 1998 and 1997, the County was in compliance with the tonnage guarantees.

In addition to the tonnage guarantees, the County has also covenanted to establish rates at a level that will provide receipts in an amount sufficient to meet its obligation for minimum tipping fees under the Amended Agreement. In the event such receipts are insufficient, the County has covenanted that as long as the Series 1996 Bonds are outstanding, it will appropriate in its annual budget, to the extent permitted, available non-ad valorem revenues in an amount sufficient to meet its obligation for minimum tipping fees. This appropriation must be in accordance with the budgetary procedures provided by the laws of the State of Florida.

For fiscal years 1998 and 1997, the County paid $38.7 million and $35.7 million, respectively, in tipping fees to the Company. The rates charged for tipping fees as of September 30, 1998 were $26.51 per ton for on-site waste processing other than tires and $61.49 per ton for shredded tires. These rates are adjusted annually for the consumer price index. The tipping fee for RTI processed tons was $23.15 per ton. Fuel and other by-products not returned to County facilities from RTI received a credit of $1.40 per ton as a recycle credit fee. In addition, the County also paid a Capital Improvements Project tipping fee of $6.09 per ton.

Termination provisions under the Amended Agreement include payment to the trustee of an amount equal to the Unamortized Capital Cost, or payment to the Trustee of the minimum tipping fee amounts due under Section 7.1.9 of the Amended Agreement, or replacement with a successor operator who will assume the Company's obligations under the Amended Agreement and Trust Indenture. The aggregate amounts of estimated minimum Tipping Fees, to be paid under the Amended Agreement are as follows for the fiscal years ended September 30 (in thousands):

Fiscal Year	Amount
1999	$ 40,639
2000	44,515
2001	44,318
2002	44,117
2003	40,706
Thereafter	393,896
Total	$608,191

The amounts above represent the County's share, net of the Company's contract share and the effect of the fixed to variable rate swap arrangement ("Swap1") generating positive cash flows. The amounts are based on minimum processed tons of 936,000 in the fiscal year 1998 and annually thereafter. The amounts are computed using fiscal year 1999 rates.

During fiscal year 1997, the Company discontinued processing RTI due to the shut down of their contract cogeneration customer. Cessation of the RTI operation is not expected to have a significant economic impact on the Department. The Company is continuing to pursue alternative RTI customers.

The Department, as part of its Strategic Plan, has also entered into waste disposal contracts with two private regional disposal facility providers, Waste Management of Florida, Inc. ("Waste Management") and Wheelabrator South Broward, Inc. ("Wheelabrator"). Under the terms of the Waste Management Agreement, the County must deliver, or direct to be delivered, a minimum of 100,000 tons per year to a landfill located in the City of Medley. The County may dispose of a combined total of up to 500,000 tons per year at that site or the Central Sanitary Landfill located in Pompano Beach. This contract is for 20 years with disposal fees fixed at $24.50 per ton until October 1, 1998, at which time they were adjusted to $24.85. They will be adjusted annually for increases in the CPI. The Wheelabrator contract term is for one year with annual renewal options for six years and a mutual renewal option for an additional three years. Tipping fees were fixed at $26.50 per ton until October 1, 1998, when they were adjusted to $26.88. There will be CPI increases thereafter. The County must deliver, on request, up to 100,000 tons per year. As of September 30, 1998, the County was in compliance with both contracts.

Construction Commitments

Contracts and commitments relating to to the completion of Metromover amounted to $7,437,000 at September 30, 1998. Approximately 80% of the commitments will be funded from Federal and State sources.

As of September 30, 1998, Water and Sewer, Public Health Trust, and the Aviation Department Enterprise Funds had major construction commitments totaling $110,972,000, $132,204,000, and $161,434,000, respectively.

The Reserve for Encumbrances at September 30, 1998, for the Capital Project Funds reflect construction commitments entered into by the County. The following table sets forth these commitments by program classification (in thousands):

Street and Safety Improvements	$25,208
Recreational Facilities and Cultural Improvements	4,049
Public Safety Facilities	3,756
Judicial and Correctional Facilities	5,600
General Governmental Facilities	5,329
Other Facilities	2,016
Total	$45,958

Closure and Postclosure Care Costs

Current laws and regulations require the County to place final covers on landfill cells as they are closed, and perform certain maintenance and monitoring functions at the landfill cell sites for thirty years after closure. These laws and regulations also require the County, on an annual basis, to disclose the extent of its financial responsibility for the costs involved, which are referred to as "closure and postclosure care" costs. The County was in compliance with these requirements as of September 30, 1998.

The County accounts for and discloses closure and postclosure care costs in accordance with GASB Statement No. 18 *Accounting and Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (the "Statement"). The Statement requires, among other matters: (1) that the liability for closure and postclosure care costs be estimated based on applicable federal, state or local regulations that were in existence as of the balance sheet date, and (2) that a portion of these estimated closure and postclosure costs be recognized in each operating period that the landfill is active, based on the amount of waste received during the period, even though the majority of the costs will not be disbursed until after the landfill cells are closed.

Expenditures for closure and postclosure care are funded from bond proceeds, of which the principal and interest are subsequently repaid from Utility Service Fees assessed on all countywide water and wastewater users, in accordance with Chapter 24 of the Dade County Code (the "Code"). Under the Code, funds collected from this fee can be used for solid waste landfill closure and postclosure care costs that are the financial responsibility of the County, for environmental remediation at landfill sites, and for land acquired to protect groundwater.

In September 1997, the Department of Solid Waste Management ("DSWM") issued $50 million in Solid Waste System Bond Anticipation Notes ("BAN's"), Series 1997, to fund closures and other groundwater protection projects for the system in the amount of $2.5 million and $27.4 million in fiscal years 1998 and 1997, respectively. The BAN's were subsequently redeemed from the proceeds of the Series 1998 Bonds.

County Operated Landfills - The estimated closure and postclosure care liabilities for County operated landfills at September 30, 1998 and 1997, are $59.5 million and $66.7 million, respectively. These amounts represent the cumulative amounts recognized based on the use of approximately 70.4% and 68.3% of the estimated landfill capacity as of those dates. The remaining costs of approximately $18.5 million will be recognized on a current basis as the estimated capacity at September 30, 1998 of approximately 8.6 million tons is used. This estimated capacity is expected to last until 2013 based on current waste flows.

The liabilities for fiscal years 1998 and 1997 represent net reductions of $7.2 and $18.3 million, respectively, when compared to the preceding year. These reductions resulted from the combined effect of (1) lower estimated costs for closure and postclosure care by the DSWM's engineers as a result of changes in capacity estimates due to landfill compaction and as a result of the acceptance of a more efficient groundwater monitoring program by the Florida Department of Environmental Protection, and (2) disbursements for closure and postclosure care.

Inactive Landfills Acquired by the County - The DSWM is responsible for expediting the closing process for two inactive landfill sites it acquired in 1996, pursuant to agreements with various federal and state agencies. In fiscal 1998, the County recognized a reduction of $9.9 million due to a change in estimate for postclosure care costs related to these sites. This change corrected the amount overestimated in fiscal 1997, when the County recognized an additional liability of $22 million.

The County is required by state laws and regulations to submit proof of its financial responsibility annually. At September 30, 1998, the County was in compliance with this requirement.

Gantry Cranes Operating Agreement

The Seaport Department's gantry cranes are managed by a private company (the “Operating Company") under a Restated and Amended Operating Agreement (the “Agreement") dated November 1, 1988. The agreement provides that the Operating Company shall collect all crane user fees on behalf of the County, and remit to the County all fees collected, net of amounts retained by the Operating Company. During the term of the Restated and Amended Agreement, the County received approximately $3,900,000 (cumulative) from the Operating Company for user fees in excess of the amounts retained. In addition, the County believes the Operating Company has an obligation to repay the operating advances and unpaid ground lease rentals of approximately $11,500,000 that carried forward from the previous agreement, plus accrued interest thereon. This obligation has not been reflected in the accompanying financial statements. Such balances accrue simple interest at an annual rate of 7.8% and are reduced by excess usage fees paid by the Operating Company. The Seaport has received approximately $500,000 (cumulative) from the Operating Company for excess usage fees. The County believes that the collection of any amounts owed by the Operating Company pursuant to this Agreement is doubtful due to the negative net worth of the Operating Company.

In 1997 certain activities of the Operating Company came under investigation by local, state and federal authorities to determine whether user fees belonging to the County were spent by the Operating Company for improper or illegal purposes. In addition, a County investigation indicates that shipping companies may not have been billed or were underbilled for gantry crane service. To date the County has been unable to obtain access to the books and records of the Operating Company for both fiscal year 1998 and 1997. Management's estimate of the expenses generated from the operations of the gantry cranes at September 30, 1997 was approximately $7.1 million.

The County has filed a claim against the Operating Company for breach of contract, breach of fiduciary duty, civil theft, and declaratory relief, among others. The County believes it has a claim against the Operating Company for recovery of improper expenditures. The full amount has not been determined. The County has concluded at this time that it is not possible to determine the amount, if any, that may be collectible from the Operating Company, if it is determined that amounts were spent improperly; therefore, no amounts have been recorded in the accompanying financial statements.

The Operating Company has filed a counterclaim against the County alleging that Seaport officials required them to pay for expenses that were not related to gantry crane activities; therefore, creating deficits that could have been used to reduce amounts owed to the Seaport. The outcome of these matters cannot presently be determined.

On May 19, 1998 pursuant to Resolutions R-456-98 and R-514-98 the County terminated the Agreement with the Operating Company and entered into an Interim Gantry Crane Management Agreement (the “Interim Agreement") with a company (the “Interim Operator") to take over the maintenance of the gantry cranes. Revenues for fiscal years 1998 and 1997 totaled $9.4 million and $8.0 million, respectively. Expenses for fiscal year 1998 are based on actual incurred approved expenditures from May 19, 1998 through the end of the fiscal year plus a proration of the fiscal year 1997 estimated costs for a total of $7.4 million. As part of the termination of the prior agreement, the Seaport recorded the gantry crane inventory of equipment and parts of approximately $1 million.

Dredging Project

The Seaport Department entered into a contract with a dredging company for the dredging of the Miami channel. The total cost of the project , including two approved change orders, was approximately $40.5 million. To date, the dredging company has billed the Seaport approximately $29.3 million representing the alleged completion of approximately 70 percent of the project. The Seaport has made payments to the dredging company of approximately $26.4 million (withholding $2.9 million for retainage). Subsequent information indicated that the project was only approximately 50 percent complete, and that the dredging company had overbilled the Seaport by approximately $9.9 million in total.

In January 1997, the dredging company filed for Chapter 11 bankruptcy protection. In accordance with County policy, the Seaport required the dredging company to obtain a payment and performance bond which would require the bonding company to fulfill the obligation of the dredging company in accordance with the original contract. As a result of the dredging company failing to complete the amount of work billed to the Seaport, the Seaport has recorded the amount of the overpayment as a construction advance, although such advance was not approved by the Commission. The construction advances are estimated to be approximately $10 million. The dredging company has completed additional portions of the project at reduced billings to the Seaport, thereby reducing the estimated advance to approximately $8.9 million. The Seaport is currently holding approximately $2 million in retainage. The Seaport has recorded a loss reserve of approximately $7 million.

Building Lease/Usage Agreements

The Seaport entered into an office building lease agreement (the “Agreement") with one of its cruise line customers (the

"Lessee") to finance and construct an office building and related improvements (the "Building") at the Seaport. The Building is to be occupied and used by the Lessee. The Seaport would assume any financing, up to a maximum of $16.65 million, entered into by the Lessee to finance the construction of the Building and would possess fee simple title to the Building. Under terms of the Agreement, the Lessee is to pay base rent of an amount per year equal to the amount per year of debt service payments on the financing assumed by the Seaport. The financing is subject to the approval of the County.

The construction of the Building has been completed; however, the Seaport and the Lessee are currently in dispute over certain terms and conditions of the Agreement. As a result, the Seaport has neither assumed any financing which may have been entered into by the Lessee to finance the construction of the Building nor possesses fee simple title to the Building. Until the Seaport obtains title to the building and assumes any debt and any other uncertainties regarding the contract are resolved, the Seaport does not plan to include such asset and related liability, if any, in its financial statements to reflect the effects of the items described herein.

On May 19, 1998, the Board approved R-572-98 authorizing the County Manager to execute a Master Agreement and a Terminal Usage Agreement with a major cruise line (the "Cruise Line"). The Master Agreement provides for the Cruise Line to contract for construction of a multi-level parking garage and enhancements to three cruise terminals. Construction costs were capped at $60 million. A September 8th amendment provides for the County to issue purchase orders on behalf of sub-contractors to realize significant sales tax savings. Funding for this project will come from a grant from the Florida Ports Council with the 50 percent matching funds provided from the proceeds of the 1998 Sunshine State Loan and from anticipated future loans under the Sunshine State Loan program.

The Terminal Usage Agreement is a ten year contract with two five-year renewal options in which the Cruise Line guarantees to pay a minimum of $6 million annually in return for a 15 percent incentive discount from the published Wharfage, Dockage and Harbor fees and preferential use of cruise terminal 3, 4 and 5. Annual increases are capped at an average of 3 percent per year over a three year period with only one increase per annum.

Other Commitments

Interlocal Agreement **-** The County has entered into an interlocal agreement with the City of Miami Beach regarding the use and disposition of the two thirds (2/3) portion of the Convention Development Tax (the "Tax"). The Tax is imposed by the County, pursuant to Section 212.0305(4)(b) of the Florida Statutes, on the leasing or letting of transient rental accommodations. Prior to this agreement, the tax proceeds were collected by the County and remitted to the City of Miami Beach. However, the interlocal agreement calls for the proceeds to reside with the County and be used to pay for the debt service on the Miami-Dade County Special Obligation and Refunding Bonds Taxable Series 1996A and Series 1996B (the "1996 Refunded Bonds"), totaling $180,403,000. During fiscal period 1998, the County issued Series 1997 Bonds (the "1997 Refunded Bonds") comprised of Subordinate Special Obligation Refunding Series 1997A, for $86,570,856, Subordinate Special Obligation Bonds, Series 1997B, for $170,008,377 and Subordinate Special Obligation Bonds, Series 1997C, for $41,961,440. The 1997 bond proceeds were used to refund a certain portion of the 1996 Refunded Bonds, provide additional funds for the construction of the performing arts center (the "Downtown PAC"), renovation and construction of other cultural facilities and acquire real property for the construction of a new multi-purpose professional sports facility (the "Arena Project"). The 1997 Refunded Bonds continue to have first lien on the taxes collected. The proceeds from the tax continue to be used to make an annual operational subsidy of $1.5 million to the Miami Beach Convention Center Complex (the "Complex") through March 31, 2002. For the period commencing April 1, 2002 through March 31, 2026, the County agreed to make annual capital improvements of $1.1 million to the Complex as well as subsidize actual operating deficits, the aggregate per year is not to exceed $4.5 million. The negotiations of the Arena Project which provided for the County's purchase of approximately 19 acres of downtown Miami waterfront land for the construction of a professional sports facility also called for an annual operating subsidy, limited to $6.5 million, to Basketball Properties Ltd. ("BPL") to operate and manage the Arena on behalf of the County. BPL, an affiliate of the Miami Heat, will also finance and construct the Arena which will be owned by the County.

Social Security Administration **-** The Social Security Administration ("SSA") contended that house staff of Jackson Memorial Hospital, are considered employees of the Public Health Trust and that their wages, therefore, should be subject to FICA taxation retroactive to January 1, 1980. The County, the State of Florida SSA and the Internal Revenue Service have signed an agreement to settle this matter. Pursuant to the agreement, the County made a lump sum payment of $17,900,000 plus accrued interest of $391,000. The County is also required to pay $5,350,000 discounted at 5.5% which is approximately $4,604,000 and is reflected in the accompanying financial statements.

Legal Contingencies

The County and State Attorney's Office are conducting investigations of all payments and outstanding invoices due to discrepancies detected for certain Water and Sewer paving contracts. These investigations are ongoing and the ultimate outcome of such investigations is uncertain at this time.

The County is a defendant to other legal proceedings which occur in the normal course of operations. In the opinion of the County Attorney, the ultimate resolution of these legal proceedings are not likely to have a material, adverse impact on the financial position of the County or the affected funds.

Departure Incentive Program

The County offered a Departure Incentive Program ("Program") to employees with ten years of continuous service who are eligible for an unreduced Florida Retirement System benefit on or before January 31, 1996, and to employees who will complete 20 years or more of continuous service, regardless of age, on or before January 31, 1996. Employees would be required to separate from service on or before January 31, 1996. The Program offered single health insurance coverage in a Dade County approved group health plan or a $300 a month cash payment for a minimum of eight years or until the employee becomes eligible for Medicare. A total of 938 employees have elected to participate in the program. The total estimated cost of the Program, discounted at 5%, is approximately $21,212,000 and is recorded in the General Long-term Obligations Account Group. Payment of all accrued sick leave was made in fiscal year 1998 with three percent interest and other benefits. The cost of these benefits is also recorded in the General Long-term Obligations Account Group.

Arbitrage Rebates

At September 30, 1998, the County recorded obligations to rebate arbitrage interest earnings on certain General Obligation and Special Obligation Refunding and Equipment Floating Bonds (the "Bonds") issued after the passage of the Tax Reform Act of 1986. The proceeds of the Bonds were used to refund existing debt and to finance certain capital projects and acquisitions accounted for within the Governmental and Proprietary Fund Types of the County.

The rebate to the Federal Government at September 30, 1998, required to be paid within five years from the date of issuance and each five years thereafter, is estimated to be approximately $6,222,000. The arbitrage liability not expected to be paid with available financial resources is $2,093,000 and is recorded in the General Long-term Obligations Account Group. The liability recorded by the Enterprise Funds at September 30, 1998 amounted to $4,129,000. The ultimate amount of the County's obligation will be determined based on actual interest earned.

Federal and State Grants

Federal grant awards are audited in accordance with OMB Circular A-133 to determine that the terms and conditions of the grant awards have been complied with. State of Florida grant awards are subject to audit by the respective Florida grantor agencies.

Florida Statute Section 216.349 specifies certain requirements for entities that receive state grant and aid appropriations. Among these requirements is that an audit must be performed in compliance with the rules of the Auditor General for grant and aid appropriations which exceed a specified amount. It is management's opinion that no material liabilities will result from any such audits.

Note 12 - Subsequent Events

In October 1998, the County issued $150 million of Series 1998C Aviation Revenue Bonds to provide funds for the construction of certain County Airport and Airport-related improvements. The Series 1998C Aviation Revenue Bonds bear weighted average interest rates ranging from 4.25% to 5.25%, with $56,655,000 due serially from October 1, 2009 to 2018, $41,005,000 term bonds due October 1, 2023 and $52,340,000 term bonds due October 1, 2028.

In December 1998, Series 1998 Bonds were issued to provide funds, together with other available funds of the County's, to pay for costs of completing the Courthouse Center; refund a portion of the outstanding Special Obligation Bonds (Courthouse Center Project) Series 1995 and a portion of the outstanding Special Obligation Bonds (Courthouse Center Project) Series 1994; provide for the funding of a Reserve Fund relating to the Series 1998 Bonds and the unrefunded portions of the Series 1995 Bonds and the Series 1994 Bonds; and pay for costs associated with the Series 1998 bond issue.

On October 20, 1998 the Board adopted R-1196-98 authorizing the County Manager to execute a multi-year cruise terminal agreement with a major cruise line. The Agreement has a term of 15 years with one five-year renewal option. The Cruise Line receives preferential use of terminals 8 and 9 and incentive discounts for Wharfage and Dockage beginning at percent increasing for each additional large vessel to a maximum of 33 percent. In return the Cruise Line agrees to home port a minimum of six large vessels at the Port of Miami and guarantees a minimum annual revenue stream totaling $183 million during the term of the Agreement. Tariff increases are limited to $.25 per embarkation and disembarkation and $.01 for dockage per Gross Registered Ton per annum.

During October 1998, the County completed a loan agreement with the Sunshine State Financing Commission whereby the County borrowed $20.6 million from the Sunshine State Loan Program. The loan is secured by a covenant of the County to appropriate in its annual budget sufficient funds from legally available non-ad valorem revenues to satisfy the debt service requirements on the loan. However, actual debt service is to be paid solely from Seaport revenues.

On November 5, 1998, the Board adopted R-1258-98 authorizing the County Manager to execute a Cargo Terminal Agreement with one of the Seaport's major cargo customers ("Cargo Line"). This Agreement which became effective October 1, 1998 is a ten-year agreement with two five-year renewal options. Under the terms of the Agreement, the County is guaranteed a minimum "TEU" (Twenty ton equivalency unit) throughput per acre. In return, the Cargo Line customer receives an incentive tier pricing arrangement, revised pricing for electricity used for refrigerated containers and an incentive rate for crane rentals. The County expects to realize growth from this customer due to this incentive pricing arrangement.

In December 1998, the County issued an additional $26 million General Obligation Bonds (the “Parks Program Bonds," Series 1998). The Parks Program Bonds are the second series of Bonds issued pursuant to a voted authorization of $200 million General Obligation Bonds. Proceeds will be used to finance capital improvement and acquisition of neighborhood and regional parks, beaches, natural areas and recreational and heritage facilities within the County.

On December 15, 1998, the Board adopted R-1453-98 authorizing for an increase in the construction project cost up to $76 million and extending the Terminal Usage Agreement for certain major cruise lines from ten to fifteen years, increasing the incentive discount to 27 percent incrementing with additional large vessel deployments to a cap of 29 percent, eliminating the incentive for Harbor Fees and increasing the minimum guarantee to $160 million over the 15-year term. The expected impact to the Seaport is an increase in revenues, despite the larger incentive, due to the expected additional vessel deployments to the Seaport.

In January 1999, the County issued $77,640,000 Public Service Tax Revenue Bonds (“UMSA Public Improvements"), Series 1999 (the “Series 1999 Bonds"). The capital projects to be funded from the proceeds of the Series 1999 Bonds form part of the County’s Quality Neighborhood Initiative Program (the “QNIP") for the unincorporated municipal service area of the County. The QNIP Project consists of certain capital projects which include the construction of new sidewalks and repair and/or renovation of existing sidewalks, including Safe Route to School projects, park development, beautification of neighborhoods, including road resurfacing and the completion of construction of the Carol City Police Station and its attendent buildings and facilities. This bond issue is regarded as the first component of the QNIP Project.

In March 1999, the County issued $41,580,000 of Stormwater, Utility Revenue Bonds, Series 1999 (the “Series 1999 Bonds"), the second component of the QNIP Project. These proceeds will be used to fund, along with other available funds of the County, costs of certain additions, extensions, renovations and improvements of the County’s Stormwater System.

Note 13 - Interfund Transfers and Balances

	(in thousands)					
	Operating Transfers			Residual Equity Transfers	Interfund	
	In	Out	Contributions	Out	Receivables	Payables
General Fund	$ 100,819	$ 269,126		$ 4,092	$ 58,451	
Special Revenue Funds						
Fire and Rescue	5,396	2,098				$ 5,000
Health Development	7,226	120,563				20,747
Public Library	300					
Community and Social Development	44,618					10,819
Housing Agency Public Housing Division					13,186	12,135
Stormwater Utility		3,550				
Hurricane Restoration	13,274	19,124				
Other Special Revenue	30,688	30,386			143	
Debt Service Funds						
General Obligations	168					
Other Special Obligations	44,317	4,314				
Loan Agreements	332					
Capital Projects Funds						
Bond Projects	3,057	32,353		411		
Impact Fees		353				2,794
Other Capital Projects	14,257	12,782				4,024
Trust and Agency Funds						
Trust Funds	359	6,608			3,796	143
Clerk of Circuit and County Courts					25	25
Other Agency					228	
Internal Service Fund						
Self Insurance		61,400			14,719	
Enterprise Funds						
Transit Agency	107,736		$ 411			49,723
Solid Waste Management		9,349			2,794	1,870
Seaport	26,408	105	4,092			4,502
Aviation Department						324
Water and Sewer		31,471			4,539	1,166
Public Health Trust	204,627				20,095	4,023
Housing Agency Public Housing Division					4,401	5,082
TOTALS	$ 603,582	$ 603,582	$ 4,503	$ 4,503	$ 122,377	$ 122,377